



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UAC INSURANCE MUTUAL MINUTES, BOARD OF DIRECTORS MEETING

November 4, 1993, 12:00 p.m.
Utah Association of Counties Offices

Members Present: Gary Herbert, Utah County Commissioner
Max Adams, Uintah County Commissioner
Dennis Ewing, Tooele County Clerk
Sid Groll, Cache County Sheriff
Gerald Hess, Davis County Deputy Attorney
Gary Sullivan, Beaver County Commissioner
Dixie Thompson, Emery County Commissioner

Members Absent: Ken Brown, Rich County Commissioner
Ty Lewis, San Juan County Commissioner

Others Present: Lee Allen, Box Elder County Commissioner
Allen Jensen, Box Elder County Commissioner
James White, Box Elder County Commissioner
Kent Sundberg, Utah County Deputy Attorney
Brent Gardner, UACIM Administrator
David Nelson, UACIM Loss Prevention Manager
Sonya White, UACIM Administrative Assistant
Harry Bowes, UACIM Consultant
Jess Hurtado, AIMS Vice President/UACIM Broker
Keri Chappell, AIMS Technical Assistant
Doug Alexander, AIMS Branch Manager

Gary Herbert called the meeting to order at 12:20 p.m.

By phone call to Sonya, Ken requested to be excused from this meeting.

Review and Approval of September Minutes

Gerald pointed out that in the Brokers Report, the last line of paragraph two, should be corrected to read: The counties surplus equity is not in the fund and is not being used. In the Workers Comp Survey section this should be corrected to read: Jess said that Workers Comp needs to be financially viable before the Mutual will consider taking it on. With these changes, Gerald motioned for the September 29, minutes to be approved. Max seconded the motion and the motion passed unanimously.

Gerald pointed out that the word conscious is used several times through the minutes of the October 15, meeting and that this word should be corrected to consciousness. With this change, Dennis motioned for the October 15, minutes to be approved. Sid seconded the motion and the motion passed unanimously.

Workers Comp Advisory Committee Report

Dennis reported that the Committee met today, before the UACIM Board Meeting, in hopes of having a recommendation for the Board--but unfortunately do not. The Committee determined that more information is needed before making a recommendation. The Committee has discovered that the counties have enough activity in Workers Comp that it would be to the counties advantage to have this line of coverage, if for no other reason than to manage it. The Committee would like to inquire of the Board to request from all the County Commissioner, that have their workers comp with the Utah Local Governments Trust (ULGT), to send a letter to the ULGT requesting their loss history. This information is needed before the Committee can continue to study the viability of a self insured Workers Comp. Max motioned to authorize Brent to compose a letter, from the UACIM Board of Directors, to those County Commissioners insured through the ULGT requesting that they copy and sign a letter to the ULGT requesting their county's loss history. The UACIM Board of Directors will then be assigned a county or counties to contact as a follow-up for this information. Dennis seconded the motion and the motion passed unanimously.

Brokers Report

Jess reported that the 1994 policy renewal will stay the same as 1993 with no rate or structure change. The only adjustment may be to property values and county expenditures. The 1994 TPA rate will remain the same as 1993.

Jess made the Board aware of a couple of loss trends that may be of concern. 1) In 1992 there were 63 auto physical damage claims amounting to approximately \$74,900. In 1993, to-date, there are 53 auto physical damage claims at approximately \$105,000. 2) In 1992 there were 29 Civil Rights cases amounting to approximately \$138,000 and in 1993, to-date, there are 16 at \$140,000 (amounts including reserves). 3) In 1992 there were 67 auto liability claims and in 1993, to-date, there are 45 claims. This decrease in auto liability claims may be due to the defensive driving courses taken by the county employees. David added, that the benefits of loss prevention training this year and in the following years in defensive driving, civil rights, wrongful termination, etc., may take a year or so to show on the loss trends. With this information, Jess recommended that the Board may want to look at taking some pro-active action such as raising the county deductible.

Report of Proposals to Box Elder & Tooele Counties

The Board welcomed the Box Elder County Commissioners to this meeting. Brent began by reporting that he, Jess and Keri have been to various meetings with Box Elder and Tooele Counties regarding the proposals the counties have received. In Brent's opinion, these meetings were not very productive, in that they (Brent, Jess and Keri) were forced to defend the Mutual against claims by the adversary, to the point that the Commissioners could not evaluate the truthfulness of what was said or not said. The counties need to understand the benefits of a mutual in that the counties are working for themselves, buying for themselves, etc.

The time was turned over to the Box Elder County Commission for their questions and concerns. Lee began by expressing a few concerns, 1) the County Attorney had voiced his concerns, to the commission, regarding the handling of the claims, namely those claims where the county is obviously at-fault. 2) Errors and Omissions (E&O) was another area the County Attorney was concerned regarding the defense of E&O claims. 3) The premium may be a problem in that the other company under bid UACIM's premium by approximately \$15,000 a year with a three year guarantee of no significant premium increase. 4) Rumors have it that the counties will be forced to join Workers Comp if they stay with the Mutual.

Gary Herbert began to address these concerns by explaining that the counties want the best coverage for the least amount of money along with streamline service and he feels these three needs can be acquired through the UACIM. Gerald added that the member counties are the company and that we are striving hard to manage our risks and make this Mutual work. Max expressed the benefits of having a Loss Prevention Manager for training and risk reviews.

In regards to concern #1, Doug assured the commission that the average turn-around time on claims is seven to ten days if liability is not questionable. Jess added that in 1992 there were a total of 262 claims in which 233 are closed.

In regards to concern #2, Doug explained that he had a telephone conversation with Jon Bunderson, Box Elder County Attorney, a few days ago, regarding a case that came in that went back to 1989-90. Doug asked Jon to send a copy of the case to Scottsdale Insurance Company, Box Elder County's prior carrier. The retro-date for the UACIM is January 1, 1991, and the retro-coverage works only if there was a prior E&O claim, under a claims made policy, and there is not coverage by the prior carrier. If the claim is a prior occurrence, covered by another company, then the UACIM does not cover it. Max added that the UACIM has a Litigation Management Committee (LMC) that meets to review claims and there is also an approved defense attorney list used for the defense of claims.

Kent, the chairman of the LMC, will call Jon Bunderson to see what his concerns are and Sid will talk to Robert Limb, Box Elder County Sheriff, regarding his concerns.

In regards to concern #3, Dennis explained that the proposing agent and/or company does not seem to be telling Box Elder County about the hidden costs, e.g., \$1000 deductible on liability and an investigation fee on every claim made. Also, if the county thought a claim was frivolous and should be pursued in court, the county would not have a say, the company may settle the claim and might tell the county that they settled. The UACIM gives each county a monthly report showing a detailed status of the county's claims. These insurance companies get the local agent involved so that the decision becomes a political problem. Brent added that the companies only give the three year guarantee if the county's loss ratio is less than 50% of the county's premium payment. Also, Box Elder's equity in the UACIM is approximately \$58,000, which the county would lose if they quit the Mutual.

In regards to concern #4, the Board strongly expressed that the counties will have the choice whether or not to join Workers Comp if this coverage is found feasible. The UACIM wants to have this option available to the counties.

Box Elder County will make a determination in a public meeting.

Regarding Tooele County, Dennis began by reporting that the Tooele County Commissioners asked him to represent them in this meeting. The Commissioners were planning to attend until they were summoned to a meeting back East regarding the depot re-closure. Dennis has handled the insurance for Tooele County for 20 years and has not found any other company that can benefit the counties as does the UACIM. Dennis reported that Tooele County will not be making a formal decision until their budget is passed.

Counties Without In-House Legal Capabilities

Dixie began by voicing her concerns regarding the rural counties without in-house legal capabilities and whom these counties could go to with questions and concerns. Emery County had a situation with a county employee who had to be terminated. Emery County did not have the in-house legal staff to answer all their questions in order to prevent a civil rights case. Emery County called David Nelson who suggested the county call Attorney Lynn Lund. Lynn spent two days in the county and walked them through the whole process. Dixie is now questioning, who will pay for those two days of Lynn's services? Does the county pay because they were pro-active and tried to eliminate liability problems or does the Mutual pay? David answered that a limited amount may be paid by the Mutual for consulting services.

Brent suggested that this issue may be more of a general problem than an insurance problem unless it became a claim. The attorneys in the smaller counties are criminal prosecutors and have very limited experience and almost no interest in civil issues. Civil issues are becoming so critical for elected officers that an alternative for the smaller counties may be to look at budgeting for outside legal advice.

Several Board Members added that their counties have contacted other county's attorneys or staff for legal expertise without any charge. The Mutual has a Litigation Management Committee (LMC) made up of county attorneys which meet monthly. The LMC has had rural counties, that do not necessarily sit in on that Committee, come to the meetings with questions or problems. The Board requested that Kent invite all member county attorneys to a LMC meeting to discuss this issue and provide the counties with a list of the members of the LMC who may be contacted to answer questions.

Preventative Measures to Avoid Claims

No discussion was made.

Accounting Breakdown of Services Contracts

With no changes to the contracts for 1994, discussed under the Broker's Report, Dixie made a motion to authorize Jess to roll-over the UACIM contracts with no cost increase. Dennis and Sid seconded the motion and the motion passed unanimously.

Consultant Report

Harry began by encouraging the Board to try to get a handle on the auto physical damage losses along with the civil rights/wrongful termination issues. Also, in the area of Workers Comp, the counties have some problems and should look at managing the losses in this area. Finally, the Mutual has their third year of contracts without any cost increases which is fantastic.

Loss Prevention Report

David reported, that as of next month, he will have completed the risk reviews for all 22 member counties. He will visit all the counties again, next year. The Land Use Liability Seminar is scheduled for November 11, in St. George. Written information may be obtained on that seminar if someone in a county is not able to attend. Training on Sexual Harassment will be held in Millard County next month. David proposed training for next year in county self-help for loss prevention, vehicle equipment usage, personnel discipline, Civil Rights, Sexual Harassment, Family Medical Leave Act and training for the county contacts

(insurance coordinators). Regarding David's assignments from the prior Board meeting, he will incorporate the issues of private vehicle use of county employees and county police pursuit policies into his recommendations to each member county. The Board requested that David report on how the counties are handling these issues at the next Board meeting. David concluded by suggesting an implementation of a quarterly newsletter, self inspection/self evaluation program, incentive program, a safety manual and policy & procedures manual.

Litigation Committee & Claims Report

Dennis made the motion for the Board to go into Executive Session. Dixie seconded the motion and the motion passed unanimously.

Max made the motion for the Board to come out of the Executive Session. Dixie seconded the motion and the motion passed unanimously.

Gerald made a motion to delete the firm of Kipp and Christian from the approved defense attorney list. Dennis seconded the motion and the motion passed unanimously. Sid made a motion to amend the previous motion to allow Kipp and Christian to complete the case they are defending at this time but not to proceed with any more business to that firm. Dixie seconded the motion and the motion passed unanimously.

Sid made a motion to authorize settlement of claim number 801SAN937002 up to \$20,000. Dixie seconded the motion and the motion passed unanimously.

Gary Herbert excused himself from the meeting and turned the chair over to Gerald to continue.

Loss Summary & Financial Statements Review

Brent began the review of the financial statements by pointing out the paid losses for the 1993 policy year, page four, of \$162,233 for the first nine months of 1993. This amount is over budget largely due to attorney's fees and defense costs for civil rights claims. The open reserves of \$304,675 for claims outstanding is also over budget. Brent noted that the Mutual is continuing to build surplus, which is not shown on the statements. Al Stein will go over these figures and the proposed 1994 budget at the annual membership meeting.

Outline of November Membership Meeting

The Board reviewed the tentative agenda for the membership meeting in St. George. A finalized copy will be faxed to the county officers before the meeting on November 10.

Other Business

The Board requested that Harry furnish the Board with a new Letter of Agreement for 1994.

A letter has been sent to Coopers & Lybrand to submit their proposal for 1994.

Jess will prepare a list for the Board of all the Mutual's contracts.

A short Board of Directors Meeting is scheduled for November 10, at 2:40 p.m. in St. George (right before the annual membership meeting) to adopt the 1994 budget.

Meeting was adjourned



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

**UAC INSURANCE MUTUAL
MINUTES, BOARD OF DIRECTORS
EXECUTIVE SESSION**

November 4, 1993
UAC Office, S.L.C., Utah

Members Present: Gary Herbert, Utah County Commissioner
Max Adams, Uintah County Commissioner
Dennis Ewing, Tooele County Clerk
Sid Groll, Cache County Sheriff
Gerald Hess, Davis County Deputy Attorney
Gary Sullivan, Beaver County Commissioner
Dixie Thompson, Emery County Commissioner

Members Absent: Ken Brown, Rich County Commissioner
Ty Lewis, San Juan County Commissioner

Others Present: Kent Sundberg, Utah County Deputy Attorney
Brent Gardner, UACIM Administrator
Dave Nelson, UACIM Loss Prevention Manager
Sonya White, UACIM Administrative Assistant
Harry Bowes, UACIM Consultant
Jess Hurtado, AIMS Vice President/UACIM Broker
Keri Chappell, AIMS Technical Assistant
Doug Alexander, AIMS Branch Manager

Executive session was held to discuss the Litigation Committee and Claims Report.

4021 SOUTH 700 EAST

SUITE 180

MURRAY

UTAH 84107

801-265-1331

FAX 801-265-9485

**UAC INSURANCE MUTUAL
ANNUAL MEMBERSHIP MEETING**

NOVEMBER 1993

AGENDA

-
1. Call to Order by UACIM Board Chairman
 2. Review and Approval of April, 1993 Minutes
 3. Year Summary by Consultant
 4. Case Study for Analyzing Insurance Proposals
 5. Loss Summary Report-Aon Broker and Claims Administrator
 6. Loss Summary Report
 7. Eminent Domain/Inverse Condemnation-Consultant & Broker
 8. Supplementary Programs-Broker
 9. Special Districts Formations
 10. Worker's Compensation Coverage for UACIM-Broker & Consultant
 11. Loss Prevention Activities and 1994 Plans
 12. How to Deal with Insurance Problem Areas that Involve an Elected Official-Nelson
 13. Termination at Will vs. Due Process-Nelson
 14. Financial Reports & Utah Insurance Division Report.
 15. Approval of 1994 Rates and Budget.
 16. Election of the UACIM Board of Directors
 17. New Business
 18. Old Business
 19. Adjournment



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

MEMORANDUM

Date: October 15, 1993

To: ~~Box~~ Elder County Commission
~~Tooele~~ County Commission

From: ~~Gary~~ Herbert, Chairman

RE: Invitation to meet with UACIM Board of Directors

The Board of Directors has been following the process which Box Elder and Tooele Counties have undertaken in receiving bids from other companies for your liability insurance. As fellow elected officials, we understand the difficulty in trying to compare insurance policies since it is a very technical and complicated analysis.

The whole process is complicated by local agents who often try to put pressure on the Commission to "keep the business local."

I would like to invite the three Commissioners from each county to meet with our Board of Directors on Thursday, November 4, 1993, at 12:00 noon in the UAC offices located at 4021 South 700 East, Suite 180, Salt Lake City. Lunch will be provided.

We think it is important for us to understand your concerns about remaining as a member of UACIM, if any, and also, to provide an opportunity for the Board to respond to any unanswered questions that may assist you in your analysis and comparison of one program with other alternatives.

Please keep in mind that UACIM is your insurance company. You are a part owner of the business and we want to make sure the business is operating to meet the needs of all participating counties. Thank you.

xc: ~~Gerry~~ Hess, UACIM Vice President
~~Harry~~ Bowes, UACIM Consultant
~~Jess~~ Hurtado, AIMS

**UAC INSURANCE MUTUAL
BOARD OF DIRECTORS MEETING**

Thursday, November 4, 1993, 12:00 Noon

**Utah Association of Counties Offices
4021 South 700 East, Suite 180
Salt Lake City**

AGENDA

- 1. Luncheon**
- 2. Call to Order**
- 3. Review and Approval of September Minutes**
- 4. Counties Without In-House Legal Capabilities**
- 5. Preventative Measures to Avoid Claims**
- 6. Workers Comp Advisory Committee Report**
- 7. Broker Report**
- 8. Report of Proposals to Box Elder & Tooele Counties**
- 9. Accounting Breakdown of Services Contracts**
- 10. Consultant Report**
- 11. Loss Prevention Report**
- 12. Loss Summary & Financial Statements Review**
- 13. Outline of November Membership Meeting**
- 14. Litigation Committee & Claims Report**

R B H 001 364 3585: # 2

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
PRELIMINARY BUDGET REPORT
YEAR ENDED DECEMBER 31, 1994
ALL POLICY YEARS

	Earned Basis.....			Cash Basis.....		
	Current Lines	Workers Compensation	Total	Current Lines	Workers Compensation	Total
REVENUE						
Premiums written.....	\$1,873,679	\$1,300,000	\$3,173,679	\$1,873,679	\$1,300,000	\$3,173,679
Unearned premiums.....						
Premiums earned.....	1,873,679	1,300,000	3,173,679	1,873,679	1,300,000	3,173,679
Investment income.....	125,324	34,092	159,416	125,324	34,092	159,416
TOTAL REVENUE.....	1,999,003	1,334,092	3,333,095	1,999,003	1,334,092	3,333,095
LOSSES AND LOSS EXPENSES						
Paid losses.....	482,377	195,500	677,877	482,377	195,500	677,877
Open loss reserves.....	114,998	265,000	379,998			
IBNR.....	252,625	300,000	552,625			
Claims management expenses.....	200,000	100,000	300,000	200,000	100,000	300,000
Excess insurance.....	340,000	130,000	470,000	340,000	130,000	470,000
TOTAL LOSS EXPENSES.....	1,390,000	990,500	2,380,500	1,022,377	425,500	1,447,877
ADMINISTRATION EXPENSES						
Brokerage commissions.....	150,000	39,000	189,000	150,000	39,000	189,000
Cancellation expense.....						
Pool administration.....	225,000	175,000	400,000	225,000	175,000	400,000
Amortized start-up costs.....	10,000		10,000			
Professional fees.....	89,000	15,000	104,000	89,000	15,000	104,000
Interest expense.....	35,000		35,000	35,000		35,000
Other expenses.....	6,000	5,000	11,000	6,000	5,000	11,000
TOTAL ADMINISTRATION.....	515,000	234,000	749,000	505,000	234,000	739,000
TOTAL LOSSES AND EXPENSES.....	1,905,000	1,224,500	3,129,500	1,527,377	659,500	2,186,877
NET INCOME.....	94,003	109,592	203,595	471,626	674,592	1,146,218
SURPLUS CONTRIBUTIONS.....	482,547		482,547	482,547		482,547
BORROWED SURPLUS.....						
TOTAL INCOME AND SURPLUS.....	\$576,550	\$109,592	\$686,142	\$954,173	\$674,592	\$1,628,765

PLEASE SEE ATTACHED NOTES TO THIS REPORT

